

(English Translation)

Quarterly Financial Results (Unaudited) (for the Six Months Ended September 30, 2023)

October 31, 2023

Electric Power Development Co., Ltd. (J-POWER)

Listed exchange: Tokyo Stock Exchange (Code: 9513)

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Scheduled date for filing of a quarterly report:

November 1, 2023

Scheduled date of dividend payment commencement:

November 30, 2023

Preparation of supplementary explanations material:

Yes

Quarterly financial results presentation held:

Yes (for institutional investors and securities analysts)

(Note) All monetary values are rounded down to the nearest units as indicated in each table.

1. Consolidated Financial Results (From April 1, 2023 to September 30, 2023)

(1) Consolidated Operating Results

(Percentages (%) represent changes from the same period of the previous year)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended Sep. 30, 2023	631,594	(24.8)	44,998	(47.9)	42,422	(50.8)	27,731	(52.5)
Six months ended Sep. 30, 2022	839,798	94.5	86,318	147.8	86,139	223.5	58,400	221.2

(Note) Comprehensive income: Six months ended Sep. 30, 2023 89,318 million yen (44.1%)
Six months ended Sep. 30, 2022 159,725 million yen 216.5%

	Earnings per share	Fully diluted earnings per share
	yen	yen
Six months ended Sep. 30, 2023	151.65	—
Six months ended Sep. 30, 2022	319.14	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
Six months ended Sep. 30, 2023	3,448,992	1,273,983	33.6
Year ended March 31, 2023	3,362,685	1,192,743	32.3

(Reference) Shareholders' equity: Six months ended Sep. 30, 2023 1,159,069 million yen
Year ended March 31, 2023 1,084,679 million yen

2. Dividends

	Cash dividends per share				Annual
	Record date				
	Jun. 30	Sep. 30	Dec. 31	Mar. 31	
	yen	yen	yen	yen	yen
Year ended March 31, 2023	—	40.00	—	50.00	90.00
Year ending March 31, 2024	—	45.00			
Year ending March 31, 2024 (forecasts)			—	45.00	90.00

(Note) Revisions to dividends forecasts in the current quarter: None

3. Consolidated Earnings Forecasts for the Year Ending March 31, 2024 (From April 1, 2023 to March 31, 2024)

(Percentages (%) represent changes from the same period of the previous year)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending March 31, 2024	1,307,000	(29.0)	87,000	(52.7)	97,000	(43.2)	67,000	(41.1)	366.38

(Note) Revisions to consolidated earnings forecasts in the current quarter: Yes

4. Other Information

(1) Principal subsidiaries subject to changes (Changes in specified subsidiaries resulting in change in scope of consolidation): None

(2) Application of accounting methods which are exceptional for quarterly consolidated financial statements: Yes

(Note)

For details, please refer to “(6) Application of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements” on page 14.

(3) Changes in accounting policies, accounting estimates and restatement of corrections

1) Changes in accounting policies due to revisions of accounting standards etc.: None

2) Changes in accounting policies except 1): None

3) Changes in accounting estimates: None

4) Restatement of corrections: None

(4) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury stock)

Six months ended Sep. 30, 2023 183,051,100

Year ended March 31, 2023: 183,051,100

2) Treasury stock at the end of the period

Six months ended Sep. 30, 2023: 181,081

Year ended March 31, 2023: 189,131

3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2023: 182,866,187

Six months ended Sep. 30, 2022: 182,995,257

(Note)

We have introduced a share-based compensation plan for our directors. The number of treasury shares at the end of the term includes the Company's shares (177,700 shares for the second quarter of the fiscal year ending March 2024 and 185,800 shares for the fiscal year ended March 2023) held in the trust account in relation to board benefit trust. In addition, the Company's shares held in the said trust account are included in treasury shares, which are deducted from the average number of shares during period (Second quarter of the fiscal year ending March 2024: 181,555 shares, the second quarter of the fiscal year ended March 2023: 52,796 shares).

* These quarterly financial results are out of the scope of quarterly review procedures by CPA or an audit firm

* Forward-looking statements and other special notes

- The Company has revised its earnings forecasts for the year ending March 31, 2024 announced on May 10, 2023. For the details, please refer to “Qualitative Information on Consolidated Earnings Forecasts” on page 6.
- The earnings forecasts are forward-looking statements made on the basis of available information current at the time forecasts are made and contain uncertain elements. Therefore, actual earnings may differ from forecast figures as a result of changes in business performance and other factors.
- The supplementary explanation material is available on our website at <https://www.jpowers.co.jp/english/> under the investor relations section.

[Reference]

Non-consolidated Earnings Forecasts for the Year Ending March 31, 2024 (From April 1, 2023 to March 31, 2024)

(Percentages (%) represent changes from the same period of the previous year)

	Operating revenue		Operating profit		Ordinary profit		Profit		Profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending March 31, 2024	863,000	(37.0)	(3,000)	-	59,000	(21.7)	59,000	(1.8)	322.64

(Note) Revisions to non-consolidated earnings forecasts in the current quarter: Yes

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1. Qualitative Information on Consolidated Financial Results

(1) Qualitative Information on Consolidated Operating Results

1) Electricity Sales Volume

In the electric power business, electricity sales volume from hydroelectric power plants for the six months ended September 30, 2023 showed 1.0% decrease from the same period of the previous fiscal year to 5.2TWh, due mainly to the decrease in water supply rate from 96% to 92%. In thermal power, the decrease in the load factor of thermal power plants of J-POWER (non-consolidated) from 61% to 46% resulted in 25.0% decrease in electricity sales volume from the same period of the previous fiscal year to 16.1TWh. The sales volume of electricity procured from wholesale electricity market, etc. showed 11.4% decrease from the same period of the previous fiscal year to 5.5TWh. Total electricity sales volume of the electric power business decreased 18.3% from the same period of the previous fiscal year to 27.3TWh.

Electricity sales volume in the overseas business increased 98.2% from the same period of the previous fiscal year to 11.3TWh, due to the commercial operation of Jackson Generation Power Plant in the US throughout the period, in addition to the increase in electricity sales in Thailand.

2) Overview of Profit and Expenditures

Sales (operating revenues) decreased 24.8% from the same period of the previous fiscal year to 631.5 billion yen, mainly due to the decrease in electricity sales volume by the electric power business because of lower load factor of thermal power plants and lower electricity sales prices in the electric power business, despite the increase in electricity sales volume by the overseas business. Total ordinary revenue including non-operating revenue decreased 24.2% from the same period of the previous fiscal year to 647.7 billion yen.

Operating expenses decreased 22.1% from the same period of the previous fiscal year to 586.5 billion yen, mainly due to the decrease in fuel costs for the electric power business, power supply costs purchased from other suppliers, and periodic inspections and other repair costs, despite the increase in fuel costs due to higher power sales in the overseas business. Total ordinary expenses decreased 21.2% from the same period of the previous fiscal year to 605.3 billion yen.

As a result, ordinary profit decreased 50.8% from the same period of the previous fiscal year to 42.4 billion yen, mainly due to the decrease in profit from a consolidated subsidiary in Australia that owns coal mining interests due to falling coal prices, in addition to the decrease in profit in the electric power business. Profit attributable to owners of parent after corporate income tax decreased 52.5% from the same period of the previous fiscal year to 27.7 billion yen.

(2) Qualitative Information on Consolidated Financial Position

1) Condition of Assets, Liabilities and Net Assets

Total assets increased 86.3 billion yen from the end of the previous fiscal year to 3.4489 trillion yen. This is mainly due to the depreciation of the yen.

Total liabilities increased 5.0 billion yen from the end of the previous fiscal year to 2.1750

trillion yen. Of this amount, interest-bearing debt increased 21.4 billion yen from the end of the previous fiscal year to 1.9072 trillion yen, and it included 311.6 billion yen of non-recourse loans in overseas business.

Total net assets increased 81.2 billion yen to 1.2739 trillion yen, mainly due to the increase in foreign currency translation adjustment, in addition to the accounting of profit attributable to owners of parent.

As a result, shareholders' equity ratio increased from 32.3% at the end of the previous fiscal year to 33.6%.

2) Condition of Cash Flows

(Cash flows from operating activities)

Cash flows from operating activities were inflow of 95.4 billion yen, compared to outflow of 20.2 billion yen in the same period of the previous year, mainly due to a decrease in inventories and trade receivables, despite a decrease in income before income taxes and minority interests.

(Cash flows from investing activities)

Cash outflows from investing activities decreased 54.5 billion yen from the same period of the previous fiscal year to 22.7 billion yen. This is mainly due to the reactionary decrease in the capital expenditure related to the construction of Jackson Generation Power Plant in the US.

(Cash flows from financing activities)

Cash flows from financing activities were outflow of 16.9 billion yen, compared to inflow of 157.3 billion yen in the same period of the previous year, mainly due to a decrease in proceeds from borrowings and issuance of bonds.

As a result of these activities, the balance of cash and cash equivalents as of September 30, 2023 increased 64.9 billion yen from the end of the previous fiscal year to 399.2 billion yen.

(3) Qualitative Information on Consolidated Earnings Forecasts

In its earnings for the year ending March 31, 2024, J-POWER forecasts the decrease in operating revenue, and in ordinary profit over the previously announced figures (announced on May 10, 2023).

Operating revenue is estimated to decrease due to the decrease in electricity sales volume in electricity power business and fall in electricity sales price in the overseas business.

Ordinary profit is estimated to decrease due to the impact of facility trouble at some thermal power plants and the decrease in profit from sales at the Japan Electric Power Exchange, etc. in the electric power business, despite the increase in profit from a consolidated subsidiary in Australia that owns coal mining interests due to the increase in coal sales volume, etc.

Consolidated earnings forecasts (Year ending March 31, 2024)

(Unit: billion yen)

	Revised forecasts	Previous forecasts	Year ended Mar. 31, 2023 (Result)
Operating Revenue	1,307.0	1,513.0	1,841.9
Operating Profit	87.0	111.0	183.8
Ordinary Profit	97.0	110.0	170.7
Profit attributable to owners of parent	67.0	76.0	113.6

Electricity sales volume and other factors (Year ending March 31, 2024)

			Revised forecasts	Previous forecasts	Year ended Mar. 31, 2023 (Result)
Electric Power Business	Hydroelectric	Electricity sales volume (TWh)	9.0	9.1	8.8
		Water supply rate (%)	95	100	94
	Thermal	Electricity sales volume (TWh)	40.1	48.5	45.6
		Load factor* ¹ (%)	57	68	65
	Wind	Electricity sales volume (TWh)	1.1	1.2	1.0
	Other* ²	Electricity sales volume (TWh)	11.2	12.4	12.8
Overseas Business		Electricity sales volume (TWh)	20.5	19.0	14.2

*1 Load factor of thermal power of J-POWER (non-consolidated)

*2 Electricity procured from wholesale electricity market, etc.

Foreign exchange rate (Year ending March 31, 2024)

	Revised forecasts	Previous forecasts	Year ended Mar. 31, 2023 (Result)
Yen/US\$ (Foreign exchange rate at the end of Dec.)	145.00	130.00	132.70
Yen/THB (Foreign exchange rate at the end of Dec.)	4.00	3.80	3.80

[Reference]

Non-consolidated earnings forecasts (Year ending March 31, 2024)

(Unit: billion yen)

	Revised forecasts	Previous forecasts	Year ended Mar. 31, 2023 (Result)
Operating Revenue	863.0	1,048.0	1,370.7
Operating Profit	(3.0)	32.0	46.5
Ordinary Profit	59.0	62.0	75.3
Profit	59.0	55.0	60.0

2. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheet

	(Unit: million yen)	
	As of Mar. 31, 2023	As of Sep. 30, 2023
Assets		
Non-current assets	2,701,385	2,754,075
Electric utility plant and equipment	1,065,522	1,060,067
Hydroelectric power production facilities	374,454	369,813
Thermal power production facilities	379,750	368,844
Renewable power production facilities	77,783	92,221
Transmission facilities	140,248	138,154
Transformation facilities	32,954	32,099
Communication facilities	6,303	6,052
General facilities	54,028	52,882
Overseas business facilities	447,201	472,256
Other non-current assets	89,219	92,515
Construction in progress	572,165	568,371
Construction in progress	572,165	568,371
Nuclear fuel	76,226	76,280
Nuclear fuel in processing	76,226	76,280
Investments and other assets	451,048	484,584
Long-term investments	371,914	408,180
Retirement benefit asset	1,473	1,528
Deferred tax assets	56,896	54,535
Other	20,867	20,427
Allowance for doubtful accounts	(102)	(87)
Current assets	661,300	694,916
Cash and deposits	342,018	399,217
Notes and accounts receivable - trade, and contract assets	129,901	119,173
Inventories	110,315	83,272
Other	79,067	93,288
Allowance for doubtful accounts	(3)	(34)
Total assets	3,362,685	3,448,992

(Unit: million yen)

	As of Mar. 31, 2023	As of Sep. 30, 2023
Liabilities		
Non-current liabilities	1,797,923	1,794,851
Bonds payable	774,085	744,086
Long-term borrowings	893,363	915,123
Lease liabilities	1,695	1,637
Other provisions	11	13
Retirement benefit liability	33,301	34,308
Asset retirement obligations	34,087	34,633
Deferred tax liabilities	25,098	26,330
Other	36,279	38,718
Current liabilities	372,019	380,156
Current portion of non-current liabilities	207,374	238,729
Short-term borrowings	10,715	8,399
Notes and accounts payable - trade	53,774	50,048
Accrued taxes	27,884	29,366
Other provisions	698	629
Asset retirement obligations	476	508
Other	71,096	52,475
Total liabilities	2,169,942	2,175,008
Net assets		
Shareholders' equity	977,800	996,395
Share capital	180,502	180,502
Capital surplus	128,178	128,178
Retained earnings	669,498	688,077
Treasury shares	(378)	(362)
Accumulated other comprehensive income	106,878	162,674
Valuation difference on available-for-sale securities	14,372	21,024
Deferred gains or losses on hedges	7,948	17,165
Foreign currency translation adjustment	78,928	120,786
Remeasurements of defined benefit plans	5,629	3,698
Non-controlling interests	108,064	114,913
Total net assets	1,192,743	1,273,983
Total liabilities and net assets	3,362,685	3,448,992

(2) Consolidated Statement of Profit and Comprehensive income

Consolidated statement of Profit

	(Unit: million yen)	
	Six months ended Sep. 30, 2022	Six months ended Sep. 30, 2023
Operating revenue	839,798	631,594
Electric utility operating revenue	650,962	417,950
Overseas business operating revenue	120,660	158,430
Other business operating revenue	68,175	55,213
Operating expenses	753,479	586,595
Electric utility operating expenses	618,027	408,239
Overseas business operating expenses	102,349	144,616
Other business operating expenses	33,102	33,739
Operating profit	86,318	44,998
Non-operating income	14,714	16,204
Dividend income	847	1,105
Interest income	1,377	3,393
Share of profit of entities accounted for using equity method	7,586	7,121
Other	4,903	4,583
Non-operating expenses	14,893	18,780
Interest expenses	12,672	15,684
Other	2,221	3,096
Total ordinary revenue	854,513	647,798
Total ordinary expenses	768,373	605,376
Ordinary profit	86,139	42,422
Profit before income taxes	86,139	42,422
Income taxes - current	21,378	13,073
Income taxes - deferred	4,269	415
Total income taxes	25,648	13,489
Profit	60,491	28,932
Profit attributable to non-controlling interests	2,090	1,201
Profit attributable to owners of parent	58,400	27,731

Consolidated statement of comprehensive income

(Unit: million yen)

	Six months ended Sep. 30, 2022	Six months ended Sep. 30, 2023
Profit	60,491	28,932
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,588)	6,650
Deferred gains or losses on hedges	20,473	4,286
Foreign currency translation adjustment	52,954	38,499
Remeasurements of defined benefit plans, net of tax	(2,796)	(1,927)
Share of other comprehensive income of entities accounted for using equity method	30,191	12,876
Total other comprehensive income	99,234	60,385
Comprehensive income	159,725	89,318
(Comprehensive income attributable to abstract)		
Comprehensive income attributable to owners of parent	144,906	83,527
Comprehensive income attributable to non-controlling interests	14,819	5,790

(3) Consolidated Statement of Cash Flows

	(Unit: million yen)	
	Six months ended Sep. 30, 2022	Six months ended Sep. 30, 2023
Cash flows from operating activities		
Profit before income taxes	86,139	42,422
Depreciation	51,684	53,210
Loss on retirement of non-current assets	703	1,346
Increase (decrease) in retirement benefit liability	(3,474)	(1,634)
Interest and dividend income	(2,224)	(4,498)
Interest expenses	12,672	15,684
Decrease (increase) in trade receivables	(50,304)	15,024
Decrease (increase) in inventories	(59,387)	27,748
Increase (decrease) in trade payables	25,304	(22,408)
Share of loss (profit) of entities accounted for using equity method	(7,586)	(7,121)
Other, net	(70,045)	(1,028)
Subtotal	(16,518)	118,744
Interest and dividends received	9,584	12,521
Interest paid	(11,973)	(16,587)
Income taxes paid	(1,348)	(19,229)
Net cash provided by (used in) operating activities	(20,256)	95,449
Cash flows from investing activities		
Purchase of non-current assets	(76,971)	(36,526)
Investments and loan advances	(1,385)	(937)
Proceeds from divestments and collection of loans receivable	665	4,471
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	156	-
Net decrease (increase) in time deposits	467	7,937
Other, net	(229)	2,333
Net cash provided by (used in) investing activities	(77,297)	(22,722)

	(Unit: million yen)	
	Six months ended Sep. 30, 2022	Six months ended Sep. 30, 2023
Cash flows from financing activities		
Proceeds from issuance of bonds	75,369	19,931
Proceeds from long-term borrowings	61,471	73,131
Repayments of long-term borrowings	(80,684)	(95,922)
Proceeds from short-term borrowings	104,140	17,424
Repayments of short-term borrowings	(20,500)	(19,867)
Proceeds from issuance of commercial papers	149,999	-
Redemption of commercial papers	(120,000)	-
Dividends paid	(7,327)	(9,149)
Dividends paid to non-controlling interests	(4,123)	(2,056)
Other, net	(987)	(488)
Net cash provided by (used in) financing activities	157,357	(16,997)
Effect of exchange rate change on cash and cash equivalents	11,485	9,182
Net increase (decrease) in cash and cash equivalents	71,289	64,912
Cash and cash equivalents at beginning of period	222,551	334,294
Cash and cash equivalents at end of period	293,840	399,207

(4) Notes on Premise of Going Concern

Not applicable.

(5) Notes on Significant Changes in Shareholders' Equity

Not applicable.

(6) Application of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements

(Calculation of Tax Expenses)

Tax expenses are calculated by making a reasonable estimate of the effective tax rate after tax effect accounting for income before income tax for the consolidated fiscal year including the second quarter under review, and multiplying the said estimated effective tax rate by quarterly net profit before tax. However, if the calculation of tax expenses using the said estimated effective tax rate brings a significantly irrational result, the statutory effective tax rate is used.

3. Appendixes

[Appendix 1]

Revenues and Expenses (Consolidated)

(Unit: million yen)

	Six months ended Sep. 30, 2022 (A)	Six months ended Sep. 30, 2023 (B)	Year-on-year change	
			(B-A)	(B-A)/A
Operating revenue	839,798	631,594	(208,203)	(24.8)%
Electric utility operating revenue	650,962	417,950	(233,011)	(35.8)%
Sold power to other suppliers	624,320	392,326	(231,994)	(37.2)%
Transmission revenue	24,582	23,816	(765)	(3.1)%
Other electricity revenue	2,059	1,807	(251)	(12.2)%
Overseas business operating revenue	120,660	158,430	37,770	31.3%
Other business operating revenue	68,175	55,213	(12,962)	(19.0)%
Operating expenses	753,479	586,595	(166,884)	(22.1)%
Electric utility operating expenses	618,027	408,239	(209,787)	(33.9)%
Personnel expense	12,259	14,909	2,649	21.6%
Fuel cost	330,654	202,591	(128,063)	(38.7)%
Repair expense	26,334	20,143	(6,191)	(23.5)%
Consignment cost	22,033	21,164	(869)	(3.9)%
Taxes and duties	14,975	13,201	(1,774)	(11.9)%
Depreciation	37,521	37,350	(171)	(0.5)%
Other	174,246	98,879	(75,367)	(43.3)%
Overseas business operating expenses	102,349	144,616	42,267	41.3%
Other business operating expenses	33,102	33,739	636	1.9%
Operating profit	86,318	44,998	(41,319)	(47.9)%
Non-operating income	14,714	16,204	1,489	10.1%
Dividend income	847	1,105	258	30.5%
Interest income	1,377	3,393	2,015	146.3%
Share of profit of entities accounted for using equity method	7,586	7,121	(464)	(6.1)%
Other	4,903	4,583	(320)	(6.5)%
Non-operating expenses	14,893	18,780	3,887	26.1%
Interest expenses	12,672	15,684	3,011	23.8%
Other	2,221	3,096	875	39.4%
Total ordinary revenue	854,513	647,798	(206,714)	(24.2)%
Total ordinary expenses	768,373	605,376	(162,996)	(21.2)%
Ordinary profit	86,139	42,422	(43,717)	(50.8)%
Profit before income taxes	86,139	42,422	(43,717)	(50.8)%
Income taxes-current	21,378	13,073	(8,305)	(38.8)%
Income taxes-deferred	4,269	415	(3,854)	(90.3)%
Profit	60,491	28,932	(31,558)	(52.2)%
Profit attributable to non-controlling interests	2,090	1,201	(889)	(42.5)%
Profit attributable to owners of parent	58,400	27,731	(30,669)	(52.5)%

[Appendix 2]

(1) Generation capacity

(Unit: kW)

	As of Sep. 30, 2022 (A)	As of Sep. 30, 2023 (B)	Year-on-year change (B-A)
Electric power business	17,519,079	17,559,279	40,200
Hydroelectric power	8,577,369	8,577,369	-
Thermal power	8,412,000	8,426,900	14,900
Wind power	529,710	555,010	25,300
Overseas business	5,190,800	5,191,600	800
Total	22,709,879	22,750,879	41,000

(2) Electricity sales volume

(Unit: GWh)

	Six months ended Sep. 30, 2022 (A)	Six months ended Sep. 30, 2023 (B)	Year-on-year change (B-A)
Electric power business	33,513	27,392	(6,121)
Hydroelectric power	5,311	5,256	(55)
Thermal power	21,563	16,182	(5,381)
Wind power	414	439	24
Other	6,223	5,514	(709)
Overseas business	5,711	11,318	5,607
Total	39,225	38,711	(513)

* Other shows sales volume of electricity procured from wholesale electricity market, etc.

(3) Water supply rate and Load factor (J-POWER non-consolidated)

(Unit: %)

	Six months ended Sep. 30, 2022 (A)	Six months ended Sep. 30, 2023 (B)	Year-on-year change (B-A)
Water supply rate	96	92	(4)
Load factor	61	46	(15)